

MINUTES
LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE
May 22 & 23, 2006

The Legislative Government Oversight Committee met May 22, 2006, in the Supreme Court Chamber at the Capitol. Chair Senator Courtney called the meeting to order at 11:10 a.m. Other members present were:

Senator Michael Connolly
Senator Pat Ward

Representative Dwayne Alons, Chair
Representative Joe Hutter, VC
Representative Vicki Lensing, RM
Representative George Eichhorn
Representative Jamie Van Fossen
Representative Roger Thomas
Representative Wes Whitead
Representative Cindy Winckler

APPROVAL OF MINUTES

Representative Lensing made a motion to accept and approve the May 15 & 16, 2006, minutes. No changes noted.

GAMBLERS' TREATMENT ASSISTANCE PROGRAM UPDATE

Ms. Janet Zwick, Iowa Department of Public Health, provided an update regarding the level of gambling treatment funding and expenditures for fiscal year 2006. Ms. Zwick indicated that approximately \$1.0 million in carryover funding was presently available, compared to approximately \$1.5 million for fiscal year 2005, and summarized the status of requests for proposals (RFP's) issued by the Department, including the rationale for the rescission and subsequent reissuing of one of the RFP's. Committee discussion included promptness of reimbursement payments, application of a sliding fee for participation in the program, marketing efforts, and the interaction of gambling treatment and substance abuse treatment programs.

IOWA LOTTERY AUTHORITY

Mr. Ed Cook, Legislative Services Agency, provided a legislative history relating to the establishment of the Iowa Lottery Authority, and discussed its impact on the games authorized to be offered by the authority to the public. Mr. Cook explained that the Iowa Lottery was first established in May, 1985, as a Division of the Department of Revenue and Finance, and that during the 2003 legislative session, legislation was enacted in the form of an amendment that created the Iowa Lottery Authority by repealing Chapter 99E, Code of Iowa, and replacing it with Chapter 99G, Code of Iowa. Mr. Cook contrasted the authority of the Lottery as it existed prior to the 2003 amendment as a division of the Department of Revenue and Finance with that existing after the amendment as an independent authority within the Executive Branch, highlighting independent budgeting authority; FTE determination and compensation authority by

the Chief Financial Officer, with required Commission or Board approval; bonding authority, property acquisition and the ability to incur debt; and game-specific changes. Committee discussion included questions regarding the origin and timing of the 2003 amendment, and responsibility for the interpretation of "game" leading to the recent TouchPlay debate and 2006 legislative action.

OMBUDSMAN'S REPORT - SOIL AND WATER CONSERVATION DISTRICT COMPETITION WITH SMALL BUSINESS

Mr. William Angrick, Citizens' Aide/Ombudsman, accompanied by Ms. Kristie Hirschman, Assistant for Small Business, Office of Citizens' Aide/Ombudsman, presented and summarized a report stemming from an inquiry regarding county Soil and Water Conservation District competitive practices concerning the sale of products and services. Four counties were identified by small business owners as placing them at a competitive disadvantage, with a primary issue involving the extent to which potential consumers were informed that private industry alternatives existed. The report determined that competition between districts and private contractors varies significantly between districts, that inherent advantages may be observed favoring the districts but that generalizations to all one hundred districts in the State are difficult to make, that other states have similar practices regarding districts selling services and products, and that the proliferation of non-profit groups offering the same products and services also generates potential competition. Several possible recommendations were advanced by the Office based on the report. Ms. Deb Ryan, Executive Director for Conservation Districts of Iowa, and Mr. Dan Brouse and Mr. Jon Judson, private contractors, provided commentary.

GRANTS ENTERPRISE MANAGEMENT SYSTEM (GEMS) UPDATE

Ms. Kathy Mabie, GEMS, provided an update regarding the system. Ms. Mabie summarized recent grant training opportunities, competitive grant activity, and discussed legislative implementation efforts to ensure that State agencies are "grant ready" and to provide technical assistance to such agencies relating to grant identification and application. Ms. Mabie also discussed the 2006 Iowa Grant Symposium to be held on August 16, 2006, and the status of developing a new database.

E911 WIRELESS SURCHARGE UPDATE

Ms. Jennifer Acton, Legislative Services Agency, discussed the first quarterly report for calendar year 2006 issued by the Office of Homeland Security and Emergency Management Division concerning E911 wireless surcharge revenue and expenditures. Committee discussion centered upon the necessity for the surcharge increase in light of a carryover balance, and commentary by Mr. John Benson, E911 Program Manager, concerning the system's current technological level and future technological capacity. The Committee passed the following motion:

"Request the Legislative Council to recommend that unless approved by the Committee, none of the funds in the carryover balance generated by E911 wireless surcharge revenue or additional funds placed in that account shall be expended for any purpose other than for completion of the Phase 2 upgrade by the Office of Homeland Security and Emergency

Management Division pending additional consideration of the surcharge level and related issues during the 2007 Legislative Session.”

RECESSED

Representative Courtney recessed the meeting at 3:30 p.m.

May 23, 2006

Representative Alons called the meeting to order at 9:10 a.m.

CIETC INQUIRY

The Committee continued its inquiry relating to the Central Iowa Employment and Training Consortium (CIETC) with testimony from the following individuals:

MR. DAN ALBRITTON, FORMER CIETC BOARD MEMBER

Mr. Albritton appeared in response to a subpoena issued by the Committee, and was accompanied by his attorney, Mr. Paul Scott. Mr. Albritton declined to answer questions from Committee Members, asserting his Fifth Amendment constitutional right against self-incrimination. Mr. Scott stated that while Mr. Albritton was not the target of a criminal investigation, he had been contacted by the United States Attorney's Office, and that other State and federal agencies were conducting an investigation in relation to CIETC.

MS. SHERRY HOWARD, SECRETARY-TREASURER, CIETC BOARD

Areas of Committee inquiry and commentary by Ms. Howard included her background, length of service on the Board, responsibilities as Secretary-Treasurer, and observations regarding Committee operation under various former directors. Ms. Howard indicated her perception was that CIETC was running smoothly, that she was not responsible for check signatures until after the resignation of Archie Brooks in April, 2006, that her position as Secretary-Treasurer was primarily just a title, that the Executive Board had not met during the preceding three year period, and that she felt encouraged by the recent involvement of Des Moines Area Community College in administering CIETC and engagement of a financial consultant.

MR. J. KARNALE MANUEL, CHAIRPERSON, REGIONAL WORKFORCE INVESTMENT BOARD (RWIB)

Areas of Committee inquiry and commentary by Mr. Manuel included his position on the RWIB Board and as a law professor, the nature of RWIB, interaction of the RWIB with CIETC, and federal and State funding streams. Mr. Manuel indicated that his interactions with CIETC were satisfactory and that contracts with CIETC were accordingly renewed.

MR. ALAN KINCHELOE, CERTIFIED PUBLIC ACCOUNTANT, FALLER AND KINCHELOE, P.C

Areas of Committee inquiry and commentary by Mr. Kincheloe included the circumstances leading to his firm's engagement to perform three annual independent audits of CIETC, the rendering of an unqualified opinion for CIETC and the factors which lead to such an opinion, and concerns regarding compensation levels and CIETC's response. Mr. Kincheloe discussed receiving copies of the employment contracts issued for Mr. Bargman and Ms. Cunningham, and described his perception of a three-tiered approval system involving the independent CIETC Board, Iowa Workforce Development, and the Department of Labor. He also identified an ongoing involvement by Ms. Deb Dessert, Mr. Bargman's spouse, in a consultant capacity with CIETC.

OTHER BUSINESS

The Committee discussed upcoming schedules, requested an updated list of scheduled presenters, and reviewed authorization by both Standing Committees to retain legal counsel conferred by resolution during the 2006 legislative session.

ADDITIONAL INFORMATION

Committee meetings involving CIETC are being recorded, and can be linked via the opening page of the General Assembly's internet homepage. A website address for the recorded meetings is: [http://www4.legis.state.ia.us/lfb/SubCom/related links/OversightRecordings.html](http://www4.legis.state.ia.us/lfb/SubCom/related%20links/OversightRecordings.html).

NEXT MEETINGS

The Committee is scheduled to meet June 19-20, 2006.

ADJOURNED

Representative Alons adjourned the meeting at 12:05 p.m.